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Jeffrey Epstein's Charity: An Image Boost Built on Deception

Losing tax-exempt status freed his foundation from disclosure requirements, allowing Mr. Epstein to exaggerate his giving — like in a wildly overstated Wikipedia entry.

By Steve Eder and Matthew Goldstein

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Jeffrey Epstein's foundation looked for all the world like a charitable powerhouse: On its websites and in its press releases, the foundation was described as a patron of hospitals, universities and film festivals, run by a global philanthropist.

The organization — known by various names, but usually called the J. Epstein Virgin Islands Foundation — wasn't officially a charity for much of its existence, having lost its tax-exempt status in 2008.

But it worked to his advantage, helping improve the reputation of Mr. Epstein, a convicted sex offender.

A review of tax documents, government records and information provided by federal officials shows that the foundation lost its tax-exempt status for an unknown reason in the same year Mr. Epstein pleaded guilty to soliciting prostitution from a minor.

In the years between that case and his suicide in August as he faced federal sex-trafficking charges, Mr. Epstein was unshackled from the rigorous financial disclosures that charities are supposed to file every year with the government — allowing him to exaggerate his philanthropy as he sought to rebuild his reputation.

The foundation's portrayals of its giving ranged from simple embellishment to staggering overstatement.

One of Mr. Epstein's websites said the foundation had "helped to underwrite" the Tribeca Film Festival, when in fact it had donated $28,000 to a related organization that offers grants to filmmakers and educational programming to students in New York City. The foundation sent out news releases touting donations to the Massachusetts Institute of

Technology to restore Mark Rothko murals and teach coding to 5-year-olds, claims that officials at the school later called inaccurate. It also issued a statement in 2013 saying researchers at Mount Sinai Hospital had made a major advance in breast cancer research with the backing of Mr. Epstein, although the health system's own release makes no mention of him.

But the most glaring exaggeration appeared on Wikipedia. A user name apparently connected to Mr. Epstein edited the page for the foundation and put its annual outlay at $200 million a year — just under the amount the Facebook founder Mark Zuckerberg contributed to charity in 2018.

In reality, the foundation was worth a small fraction of that amount, according to documents obtained by The New York Times through a public records lawsuit in the Virgin Islands.

Eighteen years of financial statements show that just under $20 million flowed into the foundation since it was founded in 2000. Roughly $16.6 million was spent on donations and grants; most of the rest paid unspecified "general and administrative" expenses and $1.5 million in interest for what appears to be an undisclosed debt.

The documents, which were filed with the Virgin Islands Division of Corporations and Trademarks, do not offer details about where the money came from or ended up. That information would be contained in the public document, Form 990, that charities are required to file each year with the Internal Revenue Service. But there is just one publicly available Form 990 from the foundation — a single-page filing in 2002 — and it does not include any information on grants or donations.

An island that Mr. Epstein owned in the Virgin Islands. Documents filed in the territory show that his foundation raised just under $20 million since it was founded in 2000. Gabriel Lopez Albarran/Associated Press

Mr. Epstein's websites portrayed the foundation as an organization with high standards and high aspirations for changing the world. A page from one site described a multistage grant process that asked applicants to describe how their project was innovative, the "pressing need" it would address and an explanation of how they would evaluate their results.

The page, from 2010, also said it was "vital to understand" that the foundation and another run by Mr. Epstein were not "piggy banks."

But that is the term that Martin Sheil, a retired supervisory special agent with the criminal investigations division of the I.R.S., used to describe the foundation. Its lack of disclosures, he said, "could be an overt act of concealment."

It is not clear if such misrepresentations amounted to a crime. False statements meant to fraudulently solicit donations are illegal and generally prosecuted by state attorneys general.

The New York State attorney general's office began inquiring in 2015 whether the foundation, which said on one of its sites that it had offices in Manhattan and the Virgin

Islands, needed to register as a charity in New York. Mr. Epstein's longtime lawyer, Darren Indyke, replied that the site was inaccurate and that the foundation was operated out of an office in St. Thomas.

Mr. Indyke, who is one of two executors of Mr. Epstein's $577 million estate, did not respond to messages seeking comment.

Before regulators closed their inquiry, Mr. Indyke provided them with a copy of a letter the foundation received from the I.R.S. in 2000 verifying its status as a charitable tax-exempt organization. But he never disclosed that the agency had dropped the foundation from its official roll of tax-exempt organizations.

The foundation was set up as part of Mr. Epstein's participation in a lucrative program in the Virgin Islands that offered big tax breaks to his businesses — Financial Trust and Southern Trust — in return for a philanthropic commitment to charities in the territory. One of Mr. Epstein's sales pitches to his wealthy clients was offering tax advantage strategies that sometimes included charitable giving.

Reports from the agency that approved the tax incentive show the foundation made more than $1.8 million in donations to charities, educational scholarships and symposiums there. In an emailed statement, the Virgin Islands Economic Development Authority said the foundation was established "primarily for the purpose of making charitable contributions to the Virgin Islands community."

But public records show it also carried out some unusual transactions.

In 2017, the foundation, also known as Enhanced Education, cut a check for $160,000 to pay fines Mr. Epstein incurred for permit violations at his private islands. Its funds also backed the causes of political officials in the Virgin Islands, including up to $30,000 to support a computer giveaway by an elected official. The foundation also contributed tens of thousands of dollars to other groups, including the territory's chamber of commerce.

Federal investigators have taken an interest in the foundation. In August, the F.B.I. contacted the Virgin Islands Department of Planning and Natural Resources about the payment to resolve the permit violations. Agents asked whether the department had a policy prohibiting a charitable foundation from paying the penalty, said Jamal Nielsen, a spokesman for the department. He said the contribution did not violate any department rules.

The F.B.I. in New York declined to comment, citing an "ongoing investigation."

It's not clear how the foundation lost its tax-exempt status. It could have given it up, or it

may have been taken away after an I.R.S. investigation. Eric L. Smith, a spokesman for the I.R.S., said the agency could not comment, citing federal privacy laws.

The I.R.S. can also revoke tax-exempt status if a foundation fails to file a Form 990 for three consecutive years, although that rule took effect in 2010. Steven T. Miller, a former acting I.R.S. commissioner and now the national director of tax at Alliantgroup, said Form 990s "are vital both for regulators and the general public to understand the finances of a given entity."

The scant filings by Mr. Epstein's foundation, he said, showed a "lack of transparency."

And over the years, Mr. Epstein operated at least three other charities, including one based in the Virgin Islands. (Mr. Indyke, his lawyer, long served as an officer for Mr. Epstein's charities and other businesses.)

Two of Mr. Epstein's foundations relied on wealthy business titans to provide millions in seed capital. His C.O.U.Q. foundation received about $21 million in stock and cash from charities of Leslie H. Wexner, the billionaire retail magnate whose company owns Victoria's Secret. Mr. Epstein's Gratitude America foundation received a $10 million donation in 2015 from a company tied to the private equity billionaire Leon D. Black.

Mr. Epstein's other foundations complied with federal disclosure rules, making his namesake foundation the outlier.

"It doesn't pass the smell test," said Mr. Sheil, the retired I.R.S. special agent.

After his 2008 conviction, Mr. Epstein took great pains to burnish his reputation — and the foundation played a key role.

In 2013, a Wikipedia user named Turvill made a number of changes to the page for the foundation. The changes included saying the foundation had given more than $200 million to a long list of notable scientists since its inception, then raised its claim further by describing that sum as its approximate annual outlay.

The user name's connection to Mr. Epstein is evident from information he disclosed in New Mexico as a result of his 2008 conviction. He provided a list of online user names, including those used by third-party reputation management services he hired. On that list was a Wikipedia handle, Turville, that does not appear anywhere on the website. But the similar name Turvill does — and that user had a particular focus on editing articles about Mr. Epstein.